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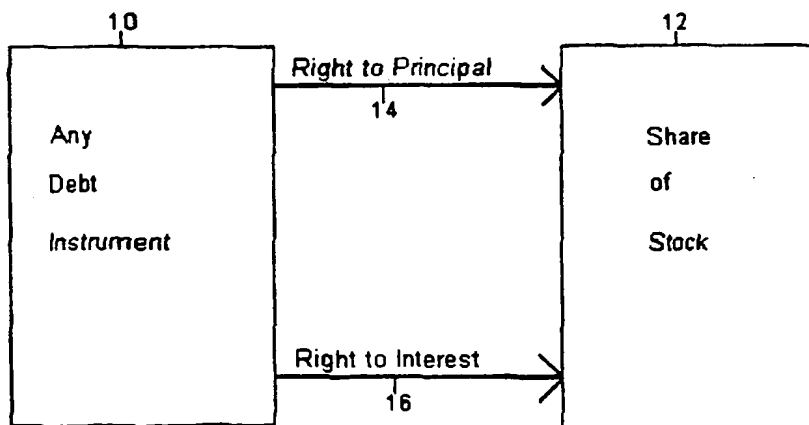
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(21) International Application Number: PCT/US99/17242 (72) Inventor: MAPLES, Durham, Russell [US/US]; 1507
Park Circle, Camden, SC 29020 (US).
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1507 Park Circle, Camden, SC 29020 (US).
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(71) Applicants: MAPLES, Rebecca, Anderson [US/US]; 1507 Park Circle, Camden, SC 29020 (US). ANDER-
SON, Catherine, Franke [US/US]; 1113 Second Street,
Gulfport, MS 39501 (US).
For two-letter codes and other abbreviations, refer to the "Guid-
ance Notes on Codes and Abbreviations" appearing at the begin-
ning of each regular issue of the PCT Gazette.

(54) Title: THE SHARE BOND



(57) Abstract: The instant invention is a method and instrument for enhancing the stock of a business entity by joining the shares of stock (12) to a debt instrument (10) at no cost, no loss financially to any current and/or future shareowner whereby any principal or issue price is zero, unpaid or paid by any means other than any current and/or future shareowner paying any money or property for the bond. The enhancement that is derived from this joining is called a Share Bond which has increased investment security and guaranteed monetary benefits for the shareowner.



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TITLE OF INVENTION
THE SHARE BOND

U.S. Tax Code:

Stapled Entities – Title 26, Subtitle A, Chapter 1, Subchapter B, Part II, Section 269b ;
Determination of amount of original issue discount - Title 26, Subtitle A, Chapter 1, Subchapter P ,
Part V, Subpart A, Section 1273, (c) (2), (b) (5);
Other definitions and special rules – Title 26, Subtitle A, Chapter 1, Subchapter P, Part V, Subpart
A, Section 1275, (a) (4);
Book entries permitted – Title 26, Subtitle A, Chapter 1, Subchapter B, Part IV, Subpart B,
Section 149 (a) (3).

Other Publications:

Bruck, Connie; "The Predators' Ball",
A Penguin Book; 1988; p. 37-38.

Teweles, Richard and Bradley, Edward; "The Stock Market",
John Wiley & Sons, Inc.; 1987; p.12-36, p.445-449.

Train, John; "The Midas Touch",
Harper & Row; 1987; p. 75-78.

Woelfel, Charles; "The Dictionary of Banking",
Probus Publishing Co., 1994; p . 6, 10, 96, 137, 154, 229.

Munn, Glenn Gaywaine / Garcia, Ferdinand Lawrence;
"Encyclopedia of Banking and Finance",
Bankers Publishing Company; 1973; p. 498.

Technical Field

This invention relates to the field of Financial Securities for enhancing the stock of a business entity by joining a debt instrument to shares of that stock.

5 Background Art

A business entity or company faces daily challenges in their efforts to make their shares of stock increasingly more valuable. These companies have compelling reasons for wanting to enhance their stock's value. The first is that the company can issue more shares for sale to raise money for company operations and not go into debt to do so. The second reason is the company
10 can reward the shareowners who profit when the shares increase in price. Pleasing the shareowners is important since they are the voters who decide who directs and runs the company. Keeping shareowners happy and stock prices high are invaluable in helping to prevent a proxy fight or hostile takeover. This helps the CEO and executives maintain their jobs since takeovers often lead to the removal of the executives.

15 Enhancing the stock does not always mean the stock price will increase because other factors are always at work where stock prices are involved. Still enhancing the stock could help keep the price stable and avoid a stock price plunge in financially hard times, thereby preventing the picture-perfect climate for a hostile corporate takeover. Stock enhancement provides benefits for the CEO, executives and shareowners.

20 The most direct way of enhancing stock is to pay dividends to the shareowners. The problem with dividends is that they are included in the corporate revenue when paid, therefore are taxed at the corporate level and again by the individual income tax. This double taxation on the same money reduces the money the shareowners receive. Current corporate tax rates are from fifteen to thirty-five percent with companies paying thirty-five percent on any profit over \$10,000,000. In
25 spite of this large tax burden, many companies will still pay dividends out of the profits. Other companies will invest in company operations, buy other companies, pay executives large amounts of money, pay for expensive luxuries or use a combination of the four to avoid making a profit. They will then pay dividends by either borrowing money or pay the dividends from company savings. This practice becomes a temporary fix since savings not replenished with taxable profits
30 will eventually be exhausted. Continuing to borrow, if not supported by increased revenues, the corporation will soon apse under the debt burden. Still this often happens because the tax burden is so great, and yet the rewarding of shareowners to enhance the stock is considered necessary.

35 The present system and methods are burdened with inefficiencies. The current environment causes
many companies to abandon stock enhancement. These companies focus on using profits to reward
top executives and expand the company. Instead of paying out money to the IRS and to shareowners,
they often make poor acquisitions and CEO's live like kings. If the company begins to suffer
financially, they lay-off employees to increase profits and repeat the process. In the meantime the
shareowners receive little or no dividends since dividends are not guaranteed. The stock price drops or
40 becomes stagnant.

There have been some attempts to reward shareowners by using the debt-favoring provision of the
US Tax Laws: interest on bonds is deductible but dividends on stock are not. The financial bonds
would be issued directly to the shareowner assuming approximately a thirty-five percent corporate-
income-tax rate. A company that can pay shareowners a rate of nine percent on dividends can just as
45 easily pay twelve percent interest on debt because it can deduct the interest. The shareowners have to
pay additional money for the bonds and the solution is effective only in the short term. A big problem
arises immediately after the shareowners sell the stock but retain the bonds. The new shareowners
will not receive the bond interest, so they will find dividends sparse and soon falling stock prices.
This situation will cause many corporate management problems since to continue to sell new bonds to
50 all the new shareowners could send the company into bankruptcy. Even though the company receives
money from the bond sales, the debt could collapse the company. Still the deductible interest on
bonds is a beneficial component of any stock enhancement method or instrument.

There are a variety of financial bonds and their sole purpose is to raise money for the institution
that sells or issues the bonds. Bonds are generally defined to be investment securities that differ from
55 stock in that bonds usually have guaranteed payment which is paid before dividends on stock. The
guaranteed payment that exists with most bonds is the written unconditional promise to pay the
principal amount. This guarantee is a beneficial component of any stock enhancement method or
instrument. Bonds are more secure than stock because failure to pay the principal amount on the
bonds could legally force the company into bankruptcy. Stocks are more speculative. In the case of a
60 corporate liquidation, the bondowners are in line to be paid before the stockowners. The corporate
assets are usually distributed among those owed wages, holding loans, holding bonds and the end-of-
the-line stockowner could receive nothing. The increased investment security of a bond is a beneficial
component of any stock enhancement method or instrument.

65 Convertible bonds are presently the closest form available by which most of the afore-mentioned enhancement elements of a bond are in some way tied to stock. A convertible security is one that permits the holder, at his or her option and under certain conditions, to exchange an issue for another security. Usually a convertible bond may be exchanged for common stock in the same company, but there are some exceptions in which the holder may receive preferred stock and others in which the security received is an issue of another company. Holders of a convertible security may exercise this option of exchange for a profit, increase yield, avoid a call, or for any other reason they believe valid. The problem with a convertible bond is that it is an either-or proposition. The combined benefits are not exercised or capable of being utilized simultaneously. Once the bond converts to stock, the benefits associated with the bond disappear. When the bond portion of the security is in effect, the benefits that are usually associated with stock such as voting rights, possible stock increases, possible stock splits and possible dividends are not available prior to conversion.

The best stock enhancement should retain the best elements of stock while adding other benefits. An example of an attempt to do this can be found in a corporate structure called pair-shared REIT'S (Real Estate Investment Trusts) or stapled entities. This structure links a share in a real estate investment trust, which is exempt from taxes at the corporate level, with a share in an operating company that can generate income other than rents and mortgages. The shares are paired to trade together as one unit. The problem with this structure is that it is confined to real estate investment trusts and Congress prohibited the structure from tax-exemption status in 1983. In the Tax Code Title 26, Subtitle A, Chapter 1, Subchapter B, Part II, Section 269b, it is stated that stapled entities shall be treated as one entity with entity being defined as any corporation, partnership, trust, association, estate or other form of carrying on a business activity. Several of these pair-shared REIT'S were grandfathered in and today their stock value is greatly increased. So much so, that one of the existing pair-shared REIT'S bought a major corporation (ITT) for billions in stock and cash while generating less than a half billion dollars in revenue. This demonstrates the potential power of true stock enhancement; particularly, when you consider that the pair-shared REIT'S pay out most of all profits to the shareowners in dividends which are not double taxed.

A slightly different corporate structure is generally referred to in the tax code in two other sections. In Title 26, Subtitle A, Chapter 1, Subchapter P, Part V, Subpart A, Section 1273, it is stated in (c)(2) Treatment of Investments – "In the case of any debt instrument and an option, security, or other property issued together as an investment unit." This shows a bond and a stock can be joined.

In the same section (b)(5), Property is defined to include services and the right to use property, but such term does not include money which is relevant when coupled with Title 26, Subtitle A, Chapter 1, Subchapter P, Part V, Subpart A, Section 1275, (a)(5) which states – “any debt obligation of a corporation distributed by such corporation with respect to its stock shall be treated as if it had been issued for property.” The two statements together refer to a bond (debt obligation) distributed with respect to its stock (joined to stock) will be treated for tax purposes as if it had been issued for property. This does not include money. There is no reference to any bond being issued with respect to the corporation’s stock that has been issued for property or money, only that for tax purposes will be treated as if it had been issued for property. In fact all references to a bond in the tax code are made to the effect that the bond must be issued for something in terms of money or property. The reason is that all bonds have previously only been defined and used as investment securities.

Investment securities in the financial reference literature are defined as generally, all classes of bonds and stocks, regardless of quality. Therefore, any bond issued in an investment unit would be considered an investment security since all classes of bonds are investment securities. To have a bond in such a unit be considered a non-investment security would require a specific stated principal or issue price of zero for that bond. Without that specific statement any reasonable mind must conclude that some money or property was given, by the stockowner, as an issue price or principal for that bond. To have had one price for the entire unit does not automatically lead to the conclusion that the bond issue price is zero and the payment is allocated entirely to the stock. Both are defined as investment securities which by definition requires an investment of money, or property, from the individual or entity that will receive benefits from the bond. There have been no references made to a bond being issued and joined to stock already outstanding. No reference has been made to such bonds being issued and joined to stock for no money or no property, thereby costing the owners of the stock nothing.

The concept of joining non-investment bonds to stock is a new and important aspect of any stock enhancement method or instrument. The stock enhancement is much more effective if the shareowners pay nothing for the bonds. Any stock enhancement should have the best elements of both stocks and bonds. To add the best elements of bonds to the best elements of stocks, and at no cost to the shareowner, will create a great demand for the stock. The price of the stock will increase which will make both the shareowners and corporate management happy. Shareowners make more money from their stock investments. Corporations can sell or trade stock and get more money or

assets for the same shares. This will decrease the chances of corporate takeovers in that the company is too big or it's stock too expensive. Therefore, a means is needed to provide a combination of all these elements that can be exercised simultaneously with any business operation under the current tax law.

Disclosure of Invention

Accordingly several objects and advantages of my invention are to provide stock enhancement of a business entity under current tax law. To join a bond, or debt instrument, to stock would add investment security and provide corporate tax deductible payments. The potential price growth of the stock, possible splits of the stock, possible dividends, or any voting rights of the stock would be retained by the shareowners. The cost to the shareowners would be only the price of the stock and nothing for the bond.

The invention is a method and instrument for enhancing the shares of stock of a business entity. Hence the title of the invention is a SHARE BOND which can enhance all types of stock from all types of business operations.

Share Bonds are issued to shares of stock when the corporation gives a written unconditional promise to pay a sum certain in money on a specified date and to pay a fixed rate of interest to the shareholder of record. The sum certain in money is referred to as the principal, issue price or face value amount. The Share Bond is issued to the stock not to the stockholder. The stockholder's evidence to the right of the interest and the right of the face value amount is the stock certificate or stock ownership. If the stockholder relinquishes ownership of the stock, the right to the interest and the right to the face value amount travel with the stock certificate – not the former stockholder.

The stockowner, shareowner, or stockholder does not pay any money or property for the bond. The corporation or company receives in return for adequate consideration in money's worth the stock or equity enhancement for the face value amount of the bond. The face value amount multiplied by the number of shares is placed on the credit side of the balance sheet as equity enhancement. An equal amount is placed on the debit side of the balance sheet as debt. This debt is owed to the equity/stockholders but the stockholder does not own the Share Bond. The stockholder cannot separate the right to the principal and the right to the interest from the stock to be sold separately. The Share Bond is a book entry bond and is described in Section 149 (f)(3) of the US Tax Code. Section 149 (f)(3) states the right to the principal and the right to the interest of a bond is

transferable. The transfer of ownership of the bond or debt is blatantly omitted in this section. In fact, nowhere in the US Tax Code does it state that a bond or debt must be owned to have the interest deductible. The concept of non-ownership is important with regards to the US Tax Code so that the Share Bond cannot be classified as a dividend at issuance. The shareholder receives no property or money at the time of issuance; therefore, the Share Bond cannot be taxed as a dividend to the shareholder. The shareholder can only be taxed once on the interest and principal when they are paid.

The Share Bond is not exchanged for the outstanding shares of a corporation's stock, but is the addition of rights to the corporation's stock. There is no conversion to stock for the Share Bond; the Share Bond is debt from issuance to maturity.

The non-investment aspect allows the Share Bond to be issued and joined to currently outstanding, or previously issued, shares of stock. This is crucial for a large corporation that has a large number of shares and shareholders. To collect even one penny as principal, or as the issue price, for each bond on each share of stock would be impossible. Stock shares are being traded everyday when the stock market is open, and to track down each share in this incredible ownership fluctuation would be impossible. A large corporation cannot utilize the Share Bond without the principal being zero, unpaid or paid by any means other than any current and/or future shareowner paying any money or property for the bond. The Share Bond's capability to be issued to currently outstanding or previously owned issued stock is a step beyond the instrument described in Section 1273 (c)(2) of the US Tax Code which specifically states "issued together". All other bonds are generally classified in financial encyclopedias and dictionaries as an investment security and requires an investment. The Share Bond operates best without any investment from the shareowners.

Share Bonds provide the greatest investment security when joined to shares of common stock since common stockowners are the last to receive money in a corporate liquidation. With Share Bonds these shareowners could be classified as senior debt, but subordinated debt still pays them before any ordinary shareowner gets anything. Guaranteed payment adds to this greater investment security.

The face value amount of the Share Bond is lower than ordinary bonds and can be as small as one cent. The interest rate the Share Bond pays is much higher than a traditional bond and can be 100% of the face value amount. The US Tax Code permits this in Section 163 (i) (1) as long as the bond maturity date is 5 years or less from issuance date. The interest paid to the shareowner is deductible to the corporation under Section 163, General Rule of the US Tax Code.

Other countries will not have the same tax code as the US, but there is a double taxation that

presently exists with corporate dividends in many countries. Still it is important to mention a possible secondary non-enhancement aspect of a Share Bond. If the accrual method of accounting is used, a business entity will be able to amortize the cumulative face value of all the Share Bonds over the maturity term of the bonds. If the Share Bonds have a cumulative face value of ten million dollars and a five year maturity, the business entity deducts two million dollars a year for five years from their corporate taxes. This money could be placed into savings , and later used to pay off the Share Bonds when they mature. The shareowners receive more money without giving up the stock.

The Share Bond is defined as any debt instrument joined , by any means, to a share of stock or any division of ownership or equity of a business entity. The Share bond is defined as any debt instrument joined, by any means, to an outstanding or previously issued share of stock or any division of ownership or equity of a business entity. The Share Bond is defined as any debt instrument joined, by any means, to a share of stock or any division of ownership or equity of a business entity whereby any principal or issue price is zero, unpaid or paid by any means other than any current and/or future shareowner paying any money or property for the debt instrument. The Share Bond is defined as any debt instrument joined, by any means, to any outstanding or previously issued share of stock or any division of ownership or equity of a business entity whereby any principal or issue price is zero, unpaid or paid, by any means other than any current and/or future shareowner paying any money or property for the debt instrument. The Share Bond is defined as a method of enhancing the stock, or any division of ownership or equity of a business entity, comprising joining, by any means, the share of stock or any division of ownership or equity to any debt instrument whereby any principal or issue price is zero, unpaid or paid by any means other than any current and/or future shareowner paying any money or property for the debt instrument. The Share Bond is defined as a method of enhancing the stock, or any division of ownership or equity of a business entity, comprising joining, by any means, any outstanding or previously issued share of stock or any division of ownership or equity to any debt instrument whereby any principal or issue price is zero, unpaid or paid by any means other than any current and/or future shareowner paying any money or property for the debt instrument. The Share Bond is defined as a method or any debt instrument that transfers the right of the principal and the right to the interest from said debt instrument to the owner of record of an outstanding or previously issued equity of a business entity. The Share Bond is defined as a method or process for enhancing the equity of a business entity, comprising said business entity giving a written unconditional promise to pay a sum certain in money and to pay a fixed rate of interest thereby forming a debt instrument, the

225 right to said sum certain in money and the right to said fixed rate of interest on said debt instrument is
issued or delivered to a share or shares of equity of said business entity at no cost, no loss financially
to any current or future shareowners of said share or shares of equity of said business entity, whereby
any stated principal, sale price or issue price is zero, unpaid or paid by any means other than said
current or future shareowners of said share or shares of equity of said business entity exchanging any
230 money or property for said debt instrument.

The Share Bond is unique in that it provides: (1) the capability for shareowners to simultaneously
receive the benefits of both a bond and a stock, while purchasing only the stock, (2) the capability for
the shareowner of record to receive the benefits of the Share Bond for the price of zero, (3) no taxable
dividend liability since the Share Bond has only very restricted ownership that is more accurately
235 stated as the shareowner being the receiver of benefits, (4) stock enhancement that no other bond can
provide since all other bonds are investment securities for raising money, (5) a primary purpose of
enhancing stock and must be joined to divisions of equity to function, (6) the only economically
feasible means that a stockowner of outstanding or previously issued stock can receive a guaranteed
payment and payments that are not subject to double taxation.

240 Further objects and advantages of the invention will become apparent from a consideration of the
drawings and ensuing descriptions.

Brief Description Of The Drawing

Figure 1 is a flow diagram of a debt instrument joined to a share of stock by transferring the right to
245 the principal and the right to the interest to the share of stock.

List Of Reference Numerals

10 Any debt instrument
12 Share of stock
250 14 Right of principal
16 Right of interest

Best Mode For Carrying Out The Invention

The best mode for carrying out the Share Bond is to issue and join the bond to the stock at no cost
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to the shareholder. The written unconditional promise to pay the face value amount must give the shareowner legal recourse to bankrupt the corporation on default of this payment. The bond maturity date should be five years or less. The shareowner must own stock to have the right to the face value amount and the right to the interest from the bond. These rights cannot be separated from the stock to be sold separately. The Share Bond operates as a book entry bond and best as debt subordinate to all other debt of the corporation. The face value amount cannot be decreased on substitution with another Share Bond unless the shareowner receives money equal to the decrease. A fixed rate of interest can be 100%.

265 Industrial Applicability

The Share Bond will give corporations the ability to enhance their stock by rewarding the stockowners directly with more money than is possible with just dividends. The interest paid to the shareowner will be deducted from the corporate revenue before the corporate income tax is calculated.

A business entity named X Corporation issues one Share Bond to each one hundred million shares of common stock. X Corporation is currently paying a one-dollar dividend to each share of common stock outstanding. To pay this dividend, X Corporation must earn one dollar and 52.5 cents per share to pay the corporate income taxes without borrowing money. One dollar goes to the shareowner and 52.5 cents is paid to the Federal Government. None of this money is retained by X Corporation; all is paid out. Contrast this with a Share Bond that has a face value amount of one dollar and forty cents paying 100% interest. X Corporation now pays one dollar and forty cents to each outstanding share of common stock. This amounts to a forty cents increase per share over what is capable with a dividend. The 12.5 cents per share that is classified as profit is taxed at 35%. The Federal Government gets 4.4 Cents, and X Corporation is left with 8.1 cents instead of zero as with the dividend.

The extra 40 cents per share that is paid to shareowners will cause the stock price to rise. There are several ways the corporation can use this enhanced stock. One is to sell more shares and receive more money per share in return. Another is to exchange these shares for the shares of another corporation; thereby, acquiring that corporation with stock currency. The higher stock value allows the corporation to make the acquisition and issue fewer shares to do so. This means less dilution for existing shareholders of the surviving company and more overall value to the shares.

285 The Share Bond delivers stock enhancement by allowing the corporation to pay more per share than is possible with dividends. When more money is paid per share, there is more demand for the

shares and the price of the stock increases. The face value amount is guaranteed to be paid, but dividends are never guaranteed. This fact makes the Share Bond more attractive to shareowners.

290 Shareowner demand causes the stock value to rise benefiting the shareowner and the corporation.

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CLAIMS

What is claimed:

1. Any debt instrument joined, by any means, to a share of stock or any division of ownership or equity of a business entity.
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2. Any debt instrument joined, by any means, to any outstanding or previously issued share of stock or any division of ownership or equity of a business entity.
3. Any debt instrument joined, by any means, to any share of stock or any division of ownership or equity of a business entity whereby any principal or issue price is zero, unpaid or paid by any means other than any current and/or future shareowner paying any money or property for the debt instrument.
10
4. Any debt instrument joined, by any means, to any outstanding or previously issued share of stock or any division of ownership or equity of a business entity whereby any principal or issue price is zero, unpaid or paid by any means other than any current and/or future shareowner paying any money or property for the debt instrument.
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5. A method of enhancing the stock, or any division of ownership or equity of a business entity, comprising joining, by any means, the share of stock or any division of ownership or equity to any debt instrument whereby any principal or issue price is zero, unpaid or paid by any means other than any current and/or future shareowner paying any money or property for the debt instrument.
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6. A method of enhancing the stock, or any division of ownership or equity of a business entity, comprising joining, by any means, any outstanding or previously issued share of stock or any division of ownership or equity to any debt instrument whereby any principal or issue price is zero, unpaid or paid by any means other than any current and/or future shareowner paying any money or property for the debt instrument.
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7. A method or a debt instrument that transfers the right of the principal and the right to the interest from said debt instrument to the owner of record of an outstanding or previously issued share of equity of a business entity.
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8. A method or process for enhancing the equity of a business entity, comprising said business entity giving a written unconditional promise to pay on a specified date a sum certain in money and to pay a fixed rate of interest thereby forming a debt instrument, the right to said sum certain in money and the right to said fixed rate of interest on said debt instrument is issued or
40 delivered to share or shares of equity of said business entity at no cost, no loss financially to any current or future shareowners of said share or shares of equity of said business entity, whereby any stated principal, sale price or issue price is zero, unpaid or paid by any means other than said current or future shareowners of said share or shares of equity of said business entity
45 exchanging any money or property for said debt instrument.

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AMENDED CLAIMS

[received by the International Bureau on 23 December 2000 (23.12.00);
original claims 1, 4 and 8 amended; new claim 9 and 10 added, remaining claims
unchanged (2 pages)]

CLAIMS

What is claimed:

1. A method or process for enhancing the equity of a business entity, comprising said business entity giving a written unconditional promise to pay on demand or on a specified date a sum certain in money and to pay a fixed rate of interest thereby forming a debt instrument, the right to said sum certain in money and the right to said fixed rate of interest on said debt instrument is issued or delivered to a share or shares of equity of said business entity, whereby said debt instrument cannot be owned by the shareowner of said share or shares of equity of said business entity.
2. Any debt instrument joined, by any means, to any outstanding or previously issued share of stock or any division of ownership or equity of a business entity.
3. Any debt instrument joined, by any means, to any share of stock or any division of ownership or equity of a business entity whereby any principal or issue price is zero, unpaid or paid by any means other than any current and/or future shareowner paying any money or property for the debt instrument.
4. Any debt instrument and a share or shares of equity of a business entity issued together in an investment unit, whereby said debt instrument cannot be owned by the shareowner of said share or shares of equity of said business entity.
5. A method of enhancing the stock, or any division of ownership or equity of a business entity, comprising joining, by any means, the share of stock or any division of ownership or equity to any debt instrument whereby any principal or issue price is zero, unpaid or paid by any means other than any current and/or future shareowner paying any money or property for the debt instrument.
6. A method of enhancing the stock, or any division of ownership or equity of a business entity, comprising joining, by any means, any outstanding or previously issued share of stock or any division of ownership or equity to any debt instrument whereby any principal or issue price is zero, unpaid or paid by any means other than any current and/or future shareowner paying any money or property for the debt instrument.

7. A method or a debt instrument that transfers the right of the principal and the right to the interest from said debt instrument to the owner of record of an outstanding or previously issued share of equity of a business entity.
8. A method or process for enhancing the equity of a business entity, comprising said business entity giving a written unconditional promise to pay on demand or on a specified date a sum certain in money and to pay a fixed rate of interest thereby forming a debt instrument, the right to said sum certain in money and the right to said fixed rate of interest on said debt instrument is issued or delivered to a share or shares of equity of said business entity at no cost, no loss financially to any current or future shareowners of said share or shares of equity of said business entity, whereby any stated principal, sale price or issue price is zero, unpaid or paid by any means other than said current or future shareowners of said share or shares of equity of said business entity exchanging any money or property for said debt instrument.
9. A method or process for enhancing the equity of a business entity, comprising said business entity giving a written unconditional promise to pay on demand or on a specified date a sum certain in money and to pay a fixed rate of interest thereby forming a debt instrument, the right to said sum certain in money and the right to said fixed rate of interest on said debt instrument is issued or delivered to a share or shares of equity of said business entity, whereby said debt instrument cannot be separated from said share or shares of equity of said business entity to be sold or traded separate from said share or shares of said equity of said business entity.
10. Any debt instrument and a share or shares of equity of a business entity issued together in an investment unit, whereby said debt instrument cannot be separated from said share or shares of equity of said business entity to be sold or traded separate from said share or shares of equity of said business entity.

Statement under Article 19(1).

1. The amendments have no material impact on the drawing filed in the original application.
2. The amendments have a material impact on the stated definition of the Share Bond (page 8 and 9 of original application). The stated definition should be correctly altered to state that any debt instrument joined to a share or shares of equity of a business entity that cannot be separated from the shares or shares of equity to be sold separate from the share or shares of equity of the business entity is a Share Bond.
3. The amendments have a material impact on the stated definition of the Share Bond (page 8 and 9 of original application). The stated definition should be correctly altered to state that any debt instrument joined to a share or shares of equity of a business entity that cannot be owned by the shareowner or shareowners of the share or shares of equity of the business entity is a Share Bond.

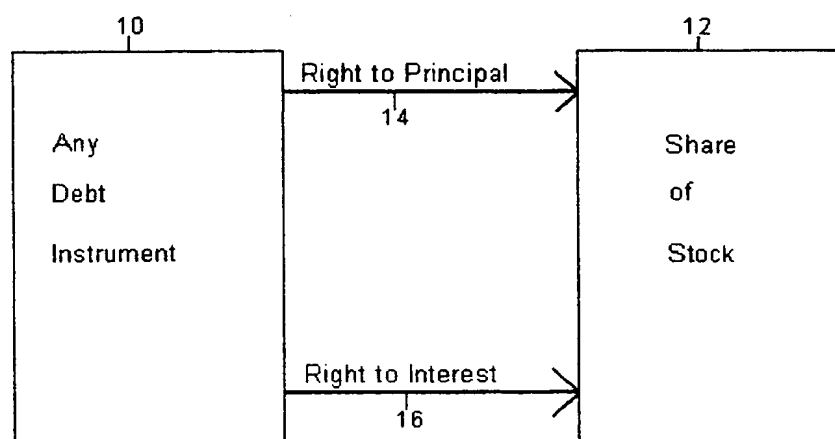


FIG. 1

INTERNATIONAL SEARCH REPORT

national application No.
PCT/US99/17242

A. CLASSIFICATION OF SUBJECT MATTER

IPC(6) G06F 17/60

US CL 705/35, 36, 37

According to International Patent Classification (IPC) or to both national classification and IPC

B. FIELDS SEARCHED

Minimum documentation searched (classification system followed by classification symbols)

U.S. : 705/35, 36, 37

Documentation searched other than minimum documentation to the extent that such documents are included in the fields searched

Electronic data base consulted during the international search (name of data base and, where practicable, search terms used)

Please See Extra Sheet.

C. DOCUMENTS CONSIDERED TO BE RELEVANT

Category*	Citation of document, with indication, where appropriate, of the relevant passages	Relevant to claim No.
X	US 5,911,136 A [ATKINS] 08 June 1999, fig. 1, col. 1 lines 20-25	1-2
A	Cheng, LI-LAN: The motives, timing and subsequent performance of seasoned equity issues; Volume 56/12-A of Dissertation Abstracts International Page 4864, 1995	1-8

☐ Further documents are listed in the continuation of Box C.

☐ See patent family annex.

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Date of the actual completion of the international search

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Name and mailing address of the ISA/US
Commissioner of Patents and Trademarks
Box PCT
Washington, D.C. 20231

Facsimile No. (703) 305-3230

Authorized officer

TOM GOC TRAN

Telephone No. (703) 305-8967

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B FIELDS SEARCHED

Electronic data bases consulted (Name of data base and where practicable terms used).

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search terms: stock, bond, tax-exempt bond, corporate taxes, finance, enhance stock, share bond, convertible bond, dividend, interest, non-taxable bond.

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search terms: Taxes, financing, tax-exempt bond, taxpapers, bonds, financial, corporate, investment, noninvestment, share, stock, dividend, revenue, tax code, taxfree bond, enhancing stock, tax advantage, share bond, joining stock, linking stock, convertible bond, maples, anderson